

Material Possessions and Hedonic Experience: Paradoxes of Luxury Consumption in Emerging Markets: An Abstract

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Abstract Emerging markets (EMs) continue to increase consumption of goods and services at a rate by far exceeding that of the developed economies (DEs). Among the factors affecting behaviors of EM consumers – in contrast to those living in DEs – are:

- A much higher rate of socioeconomic changes
- Relative cultural importance of the public consumption of premium and luxury brands
- Greater degree of consumer happiness derived from the access to and possession of luxuries
- Limited prior consumption experience

Thus, extant theories developed for and tested predominantly in the DEs inadequately reflect the realities of EMs. The present paper attempts to address an important task of building a theoretical framework suitable for the dynamic socioeconomic environment in EMs.

The relationship between consumption and happiness has been studied by many authors in recent years. Extant literature frequently classifies consumption as either hedonic or utilitarian and applies this classification across all types of tangible goods and intangible experiences. Another stream of research focuses on the differences associated with the experiential vs. material types of consumption and analyzes consumer happiness (or dissatisfaction) stemming from experiential impressions from the past or material possessions at the present time. Existing studies confirm the positive correlation between hedonic consumption and happiness, so in most cases, experiential consumption affects consumer happiness more than ownership of the material belongings.

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The present study suggests a new taxonomy where consumption can be typified as: experiential hedonic, experiential utilitarian, material hedonic, and material utilitarian. Brazil was chosen as a good representative of emerging markets. Empirical research uncovered some paradoxes of consumer happiness associated with premium and luxury goods and services and led to the development of a conceptual framework providing a foundation of consumer behavior in EMs. The following summary briefly describes the results. The novelty of the present study relates to an uncovered paradox of consumer psychology. It demonstrates that, in many EM collectivistic communities, the correlation between happiness and material hedonic consumption may be negative because conspicuous consumption is frequently associated with snobbery. Another interesting result reflects the asymmetry of the residual happiness: experiential hedonic type of consumption has a greater effect than material hedonic one, but experiential utilitarian type has a lower impact than material utilitarian one. Emerging middle class respondents derive more pleasure from material utilitarian than from experiential hedonic consumption because they were deprived of many goods and services for a long time. For the lower class respondents, both, material utilitarian and experiential utilitarian types of consumption are equally important. Respondents from this class are still taking the first steps in the consumer markets, and the experiential hedonic type of consumption is still new to many of them.

References Available Upon Request